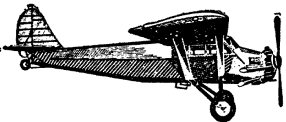


SCHOOL DISTRICT FLYER



A Newsletter of the Office of the Auditor General

Issue 27

November 2001



SCHOOL-WIDE AUDIT TEAM DIRECTOR AND MANAGERS NAMED

Sharron Walker was named Director of our Office's newly formed school-wide audit team. Most recently, Sharron served as the Deputy Director of the Oregon Division of Audits and has over 20 years of audit experience. She assumed her new duties on August 1, 2001. In addition, Sharron announced the school-wide audit team managers, who include Ross Ehrick from our Office's Accounting Services Division (ASD), and Natalie Coombs and Ann Orrico, both from our Performance Audit Division.

As a result, Gregg Rickert and Laura Miller are now ASD's school district managers. Gregg has been working with charter schools and county school superintendents recently, and has dealt with school districts in the past. Laura has been working directly with school districts as a senior accountant and was recently promoted to manager. Also, ASD manager Michael Stelpstra will now be overseeing the charter school area.



SCHOOL FINANCE ADVISORY COMMITTEE

The School Finance Advisory Committee (SFAC) was established in 1980 to review proposed revisions to the *Uniform System of Financial Records* (USFR) and USFR Memorandums, and to make recommendations to our Office and the Arizona Department of Education (ADE) on current issues. The SFAC is composed of

15 members who represent a cross section of school districts and education organizations. New members were recently appointed for two-year terms. Following is a complete list of members who will serve through fiscal year 2002-2003 and the appointing organizations.

Office of the Auditor General and ADE

Paul Christensen, Murphy ESD No. 21
Karen Eyherabide, Dysart USD No. 89
Karen Havird, Gilbert USD No. 41
Dawn Ruiz, Oracle ESD No. 2
Bobette Sylvester, Payson USD No. 10

Arizona School Administrators, Inc.

Ron Richards, Pendergast ESD No. 92

Arizona Association of School Business Officials

James Brown, Round Valley USD No. 10
Sherry Celaya, Scottsdale USD No. 48
Rick Conrad, Cartwright ESD No. 83*
Doug Virgil, Alhambra ESD No. 68
George Zeigler, Mesa USD No. 4

Association of County School Superintendents

Tina Norton, Apache CSS Office
Scott Little, Pima CSS Office**
Tami Phillips, Navajo CSS Office

Arizona School Board's Association

Barbara Robey

* Chair

** Vice Chair

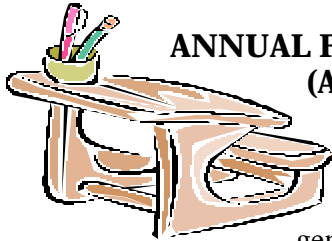
Thank you to the new members who have agreed to serve and to all those who have served in the past.



INCREASED BID THRESHOLD

USFR Memorandum No. 184, issued last month, informed school districts that the Arizona State Board of Education increased the competitive sealed bidding threshold to \$31,338.70, effective September 24, 2001. Based on this change, oral price quotations are required for purchases costing at least \$5,000 but less than \$15,000, written price quotations are required for

purchases costing at least \$15,000 but not exceeding \$31,338.70, and competitive sealed bidding is required for purchases costing over \$31,338.70.



ANNUAL FINANCIAL REPORT (AFR) CHANGES FOR PROP 301

Proposition 301, passed in the November 2000 general election, established the Classroom Site Fund. Districts will receive sales tax revenues from this fund to be used for teacher base salary increases, performance-based teacher compensation increases, and any of six specified purposes. A section of the law requires our Office to monitor school districts to determine the percentage of every dollar spent in the classroom.

To accommodate this new requirement, the districtwide fiscal year 2000-01 AFR was revised to require districts to report additional function detail for federal and state projects, and other fund detail by program and object code. Also, total principal payments for capital leases of equipment entered into during the fiscal year are now required to be shown on the AFR.



QUESTIONS & ANSWERS

Question: Can districts establish a revolving line of credit in the district's name?



Answer: No, districts do not have the authority to borrow, except through bonds. Since a district does not have the authority to borrow, it may not establish a line of credit, which is a form of borrowing. However, the county may establish a line of credit for the district, with the county treasurer acting as the agent, subject to the provisions of A.R.S. §11-604.01.

Question: If the county establishes a line of credit on behalf of a district, for which district funds may the county treasurer use this line of credit to pay expenditures?

Answer: Levy funds. A.R.S. §15-996 describes the process for the county treasurer to register warrants for the maintenance and operation, unrestricted capital outlay, soft capital allocation, and adjacent ways funds (levy funds). Lines of credit provide

another method for the county treasurer to pay warrants for levy funds if sufficient monies do not exist.

SPOTLIGHT ON ATTORNEY GENERAL'S WEBSITE

The Attorney General's Web site is at www.attorney_general.state.az.us and includes Attorney General Opinions for the current year with the option of viewing opinions from 1999-2000.

This Web site also has links from the Children link on the main page to sections within the Attorney General's Office (Child Support Enforcement, Child Abuse and Dependency Court, and LifeSmarts) and information on child-related issues (Internet Safety, Meth & Kids, and School Safety). The School Safety link includes a hotline number to assist with potentially violent situations. There is also a School Safety Manual created by the Attorney General's Office for teachers, administrators, and staff to use to help keep their campuses safe that can be viewed on-line.



USFR MEMORANDUM UPDATE

Since our last newsletter, we issued five USFR Memorandums (Nos. 180 through 184).

For your convenience, we have attached a list of the current USFR Memorandums. If you need a copy of these or any current USFR Memorandum, please visit our Web site at www.auditorgen.state.az.us or call the Accounting Services Division of our Office at (602) 553-0333.



CURRENT USFR MEMORANDUMS
As of November 2001

<u>No.</u>	<u>Title</u>
184	Increased Sealed Bidding Threshold (Issued 10/5/01, Supersedes USFR Memorandum No. 172)
183	Fiscal Year 2000-2001 Annual Financial Report (Issued 9/14/01, Supersedes USFR Memorandum No. 174)
182	Fiscal Year 2001-02 Revenue Budget Form (Issued 8/7/01, Supersedes USFR Memorandum No. 173)
181	Impact of Attorney General Opinion I01-014 and Revised Joint Legislative Budget Committee (JLBC) Estimate on Classroom Site Fund (Issued 6/29/01, Revises USFR Memorandum Nos. 178 and 179)
180	Advice of Encumbrance (Issued 6/15/01, Supersedes USFR Memorandum No. 170)
179	Fiscal Year 2001-02 School District Annual Expenditure Budget Forms, Budget Supplement, Budget Summary, Budget Work Sheets, and Truth in Taxation Work Sheet and Hearing Notice of Tax Increase (Issued 6/4/01, Supersedes USFR Memorandum No. 169)
178	Implementing Proposition 301 (Issued 5/29/01)
177	School District Annual Budget Revisions for Fiscal Year 2000-01: Adjustments to General Budget Limit, Unrestricted Capital Budget Limit, and Soft Capital Allocation Limit (Issued 4/13/01, Supersedes USFR Memorandum No. 167)
176	Reimbursement of Travel Expenses (Issued 3/1/01, Supersedes USFR Memorandum No. 171)
175	Average Daily Membership for Kindergarten and First Grade (Issued 1/12/01)
168	USFR Compliance Questionnaire (Issued 4/24/00, Supersedes USFR Memorandum No. 137 Revised)
166	Technology-Assisted Project-Based Instruction Program (Distance Learning) (Issued 2/10/00)
161	E-rate Reimbursements (Issued 5/12/99)
158	School District Single Audits (Issued 1/15/99, Amends USFR Memorandum No. 137 Revised)
146	Extracurricular Activities Fees Tax Credit (Issued 2/16/98)
145	<i>Uniform System of Financial Records</i> (USFR) Revisions (Issued 9/9/97)
140	School District Accounting Records (Issued 5/23/97)
139	School District Biennial Audits (Issued 4/24/97)